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MEMORANDUM ENDORSED

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January 19, 2018

ECF FILING

The Honorable Gregory H. Woods, United States District Judge
United States District Court for the Southern District of New York
Daniel Patrick Moynihan U.S. Courthouse
500 Pearl Street
New York, New York 10007

Re: Goldstein Family Partnership, L.P. v. Q Lotus Inc., et al.
1:17-cv-8964-GHW

Dear Judge Woods:

In accordance with Your Honor's Orders dated December 14, 2017 and January 19, 2018, plaintiff hereby submits this letter in advance of the Initial Pretrial Conference scheduled for January 24, 2018 at 10:00 am. This letter is only on behalf of plaintiff because despite being properly served, defendant has not interposed an answer in the instant action. As defendants have failed to answer or otherwise respond to the Complaint, no civil case management plan and scheduling order is submitted herewith. Plaintiff intends to file an Order to Show Cause for default judgment on or before February 2, 2018.

1. A brief statement of the nature of the case, the principal claims and defenses, and the major legal and factual issues that are most important to resolving the case, whether by trial, settlement or dispositive motion.

This case concerns the failure by defendants as borrowers and guarantors to fulfill their contractual obligations to repay approximately \$8 million that Q Lotus Inc. borrowed from Plaintiff pursuant to various promissory notes issued to Plaintiff.



Defendants have failed to interpose an answer, otherwise respond, or defend against Plaintiff's allegations in the Complaint. Therefore, Plaintiff intends to file an Order to Show Cause for default judgment against all defendants.

2. A brief statement by plaintiff as to the basis of subject matter jurisdiction and venue, and a brief statement by each party as to the presence or absence of subject matter jurisdiction and venue. Statements shall include citations to relevant statutes. In addition, in cases for which subject matter jurisdiction is founded on diversity of citizenship the parties shall comply with the Court's Individual Rule 2(B)(ii).

This court has subject matter jurisdiction under the provisions of 28 U.S.C. §1332, in that this is a civil action where Plaintiff has damages that exceed the sum of \$75,000, exclusive of interest and costs and is between citizens of different states.

Plaintiff, Goldstein Family Partnership, LP ("Goldstein LP or Plaintiff"), nominee and agent for South Shore Real Estate Development LLC, CoryMarie Leasing, LLC, Arlyne Marie Goldstein and Joshua Todd Goldstein, each of whom in addition to Plaintiff are lenders of Defendant Q Lotus, Inc., and none of whom are residents or domiciled in Illinois or Nevada, is a limited partnership organized under the state of Delaware, with its principal place of business in Suffern, New York, and has no general or limited partners that are residents of the states of Illinois or Nevada.

Defendant, Q Lotus, Inc., upon information and belief, is a Nevada corporation with its principal place of business located at 520 North Kingsbury Street, Suite 1810, Chicago, Illinois 60654. Defendant, Q Lotus Holdings is a Nevada corporation with its principal place of business located at 520 North Kingsbury Street, Suite 1810, Chicago, IL 60654. Upon information and belief, Q Lotus Holdings owns all of the issued and outstanding capital stock of Q Lotus, Inc. Upon information and belief, Q Lotus, Inc. is a wholly-owned subsidiary of Q Lotus Holdings.

Defendant, Gary A. Rosenberg Trust, under the will of Ben J. Rosenberg dated August 28, 1978, upon information and belief, is a trust for the benefit of Gary A. Rosenberg, and has one voting trustee, Gary Rosenberg. Upon information and belief, Gary Rosenberg is a resident of Illinois. Also, upon information and belief, The Gary A. Rosenberg Trust maintains an address at either 500 North Dearborn Street, Suite 605, Chicago, Illinois or 620 North Kingsbury Street, Suite 1810, Chicago, Illinois.

Accordingly, there is complete diversity amongst the parties in interest.

Venue also is proper in this Court pursuant to 28 U.S.C. §1391(b)(2) in that a substantial part of the events giving rise to the claim, such as the negotiation and documentation of the loan documents, occurred within the Southern District of New York.



3. A brief description of any (i) motions that any party seeks or intends to file, including the principal legal or other grounds in support of any opposition to the motion, (ii) pending motions, and (iii) other applications that are expected to be made at the status conference.

Plaintiff intends to file an Order to Show Cause for default judgment against all defendants by February 2, 2018, in accordance with Your Honor's Individual Rules of Practice in Civil Cases, Attachment A.

4. A brief description of any discovery that has already taken place, and any discovery that is likely to be admissible under the Federal Rules of Evidence and material to proof of claims and defenses raised in the pleadings. (This is narrower than the general scope of discovery stated in Rule (b)(1)):

No discovery has taken place to date as defendants have not interposed an answer. Plaintiff intends to move for default judgment.

5. A computation of each category of damages claimed.

- Damages from Q Lotus, Inc. for breach of the Promissory Note totaling the full amount due and owing under the Promissory Note (as amended, supplemented, restated, and extended), with all interest and default interest, late charges, and like charges thereon as specified therein through and including the date of judgment herein, in an amount to be determined, but all events substantially in excess of \$7,508,102.24.
- Damages from Q Lotus Holdings for breach of the Guaranty for a sum totaling the full amount due and owing under the Promissory Note (as amended, supplemented, restated, and extended), with all interest and default interest, late charges, and like charges thereon as specified therein through and including the date of judgment herein, in an amount to be determined, but in all events substantially in excess of \$7,508,102.24.
- Damages from the Rosenberg Trust for breach of the Guaranty for a sum totaling the full amount due and owing under the guaranty, with all interest and default interest, late charges, and like charges thereon as specified therein through and including the date of judgment herein, in an amount to be determined.
- Damages for unjust enrichment against Q Lotus, Inc. and Q Lotus Holdings for a sum totaling the full amount due and owing under the Promissory Note (as amended, supplemented, restated, and extended), with all interest and default interest, late charges, and like charges thereon as specified therein through and including the date of judgment herein, in an amount to be determined, but all events substantially in excess of \$7,508,102.24.
- Damages from Q Lotus, Inc. for conversion, for a sum totaling the full amount due and owing under the Promissory Note (as amended, supplemented, restated, and extended), with all interest and default interest, late charges, and like charges thereon as specified



therein through and including the date of judgment herein, in an amount to be determined, but all events substantially in excess of \$7,508,102.24.

6. A statement describing the status of any settlement discussions and whether the parties would like a settlement conference.

No settlement discussions have taken place to date.

7. Any other information the parties believe may assist the Court in resolving this action.

None at this time.

We look forward to discussing this matter with Your Honor at the time of the conference. We thank the Court for its time and attention.

Respectfully submitted,

David D. Holahan

cc:

FEDEX OVERNIGHT

Q Lotus Holdings, Inc.
3101 N. Sheridan Road, # 300
Chicago Illinois 60657

Gary A Rosenberg Trust
3101 N. Sheridan Road, # 300
Chicago Illinois 60657

Q Lotus Inc.
3101 N. Sheridan Road, # 300
Chicago Illinois 60657

The initial pretrial conference scheduled for January 24, 2018 is adjourned to February 9, 2018 at 4:00 p.m. in Courtroom 12C of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, New York 10007. In the event that Plaintiff obtains a certificate of default as to all Defendants prior to that date, the Court expects to adjourn the initial pretrial conference sine die. Plaintiff is directed to serve a copy of this order on all defendants and to retain proof of service.

SO ORDERED.

Dated: January 22, 2018
New York, New York

GREGORY H. WOODS
United States District Judge